Mortgage Banker

JANUARY 1980

If Inflation Abates

What Happens to Rental Rates and

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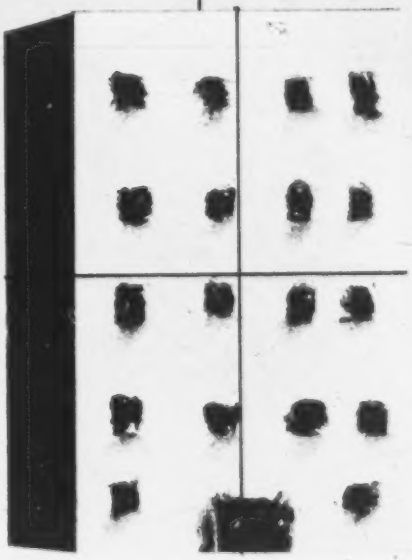

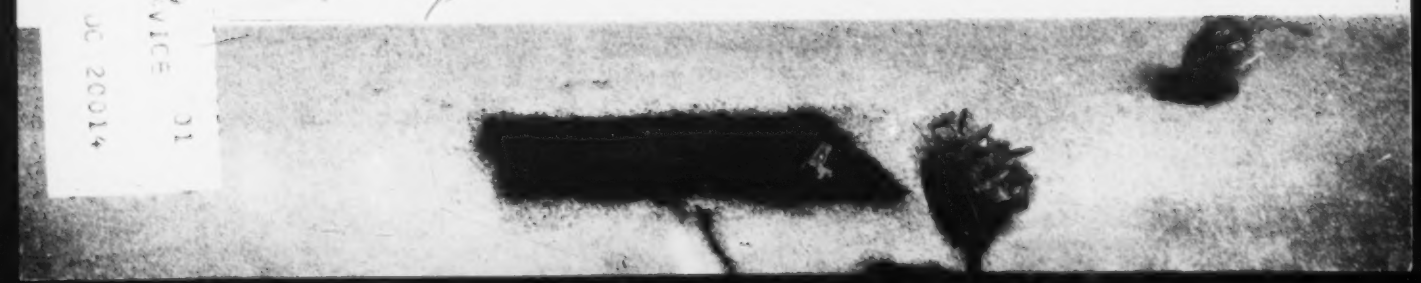

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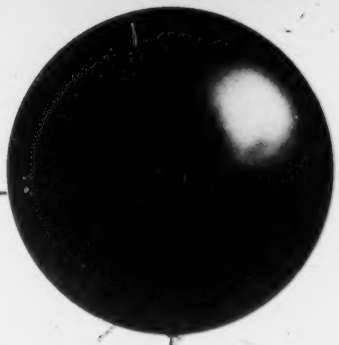
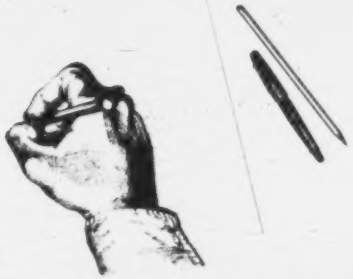
VOLUME 40 NUMBER 4 JANUARY 1980





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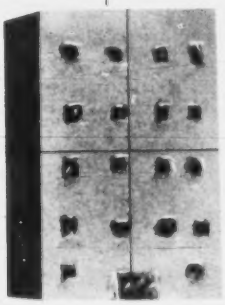

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Mortgage Market Trends

Prepared by MBA's Economics Department

December 18, 1979

The recent melange of economic indicators should degenerate into a firm affirmation of recession early this year. But until then, and even during the recession, expect to see an occasional outburst of underlying vigor. While such things as growing unemployment, sagging income, and sizeable debt promise to humble the high-buying spirits of most consumers, these consumers will be anxiously awaiting their return to the marketplace.

The unemployment rate should make some real progress toward 7% by mid-year as production slowdowns and curtailments give rise to growing layoffs and as the absorption of new entrants and reentrants into the work force slows. Do not be too surprised if the unemployment rate approaches 8% before a general economic expansion resumes; residual employment strength in the service industries will yield to the heavy layoffs likely throughout the auto, steel, construction, and other manufacturing industries. With this dimming employment picture will come a slowing, and perhaps even an actual decline, in personal income. Real income, which has already been on a lengthy decline, will continue to fall for several more months before recovering as inflation is slowed.

Consumer spending will reflect this protracted income slump, as the abundant levels of consumer installment debt become more and more of a drag on consumers' diminishing real incomes. Look for rising delinquencies in the installment credit area, but not nearly so much for mortgages. People, for the most part, know where their financial priorities lie; in recent years, this has been in their house equity.

The weakening stance of the consumer will also be reflected in the housing and mortgage markets, but perhaps less than might traditionally be expected during recession. Housing starts, which should be down approximately 13% in 1979 from 1978's 2.02 million unit level, are likely to see a 15% drop in 1980 to the 1.5 million unit level, overall. This decline will be concentrated early in the year, followed by a moderate recovery during the second half of 1980. Of course, any number of factors, such as an aggressive GNMA tandem program on the positive side, or excessive credit tightening on a more negative side, might substantially alter 1980's housing outlook.

Sales of new and existing housing may be off 15 to 20% from 1979 levels, as interest rates, in general, maintain a relatively high profile. These rates will contribute to some degree of disintermediation and to the further suspension of both marginal and interest-sensitive buyers from the market. With the slowing of housing sales, as well as consumer prices in general, house price increases should subside to 10 to 12% for the year. The overall effect of these trends on residential mortgage loan originations will be substantial. Residential loan closings for the year will probably deteriorate to just under 1979's level; even rising prices will not compensate for falling sales levels. The lion's share of 1980's weakness will appear in the early part of the year, when ebbing origination volume and continuation of an adverse carry on warehouse lines will make for a less than auspicious start to the new decade.

If you were hoping to start the new year on a more optimistic note, all is not lost. There is still, and will continue to be, a very large segment of the population that will pursue housing at every opportunity. So with any respite in mortgage interest rates and return of consumer confidence, one of the consumer's first stops on their return to the marketplace will be the housing market.

Schuyler E. Schell, Assistant Economist

LONG-TERM MORTGAGE LOANS CLOSED

(Dollars in Millions)

Year and Month	BY TYPE OF INSTITUTION					BY TYPE OF UNIT AND INSTITUTION														
						1-4 Units					5+ Units					Nonresidential				
	Total	Mtg Bankers	S&Ls	Banks[8]	Life Cos	Total	Mtg Bankers	S&Ls	Banks[8]	Life Cos	Total	Mtg Bankers	S&Ls	Banks[8]	Life Cos	Total	Mtg Bankers	S&Ls	Banks[8]	Life Cos
1978																				
MAY	16.667	3.230	6.560	6.048	829	13.225	2.760	6.144	4.280	41	682	40	280	267	95	2.760	430	136	1.501	693
JUN	20.015	3.820	7.541	7.552	1.102	15.843	3.320	7.096	5.335	92	885	140	261	341	143	3.287	360	184	1.876	867
JUL	17.248	3.690	5.888	6.752	918	13.542	3.200	5.570	4.717	55	832	180	186	302	164	2.874	310	132	1.733	699
AUG	19.794	4.120	6.948	7.710	1.016	15.640	3.570	6.601	5.414	55	855	150	229	351	125	3.299	400	118	1.945	836
SEP	17.586	4.080	6.165	6.385	956	13.778	3.510	5.867	4.352	49	662	100	182	278	102	3.146	470	116	1.755	805
OCT	18.238	4.670	6.205	6.273	1.090	13.902	3.850	5.860	4.129	63	694	70	217	223	184	3.642	750	128	1.921	843
NOV	18.204	4.280	5.895	6.837	1.192	13.844	3.720	5.582	4.442	100	769	170	193	266	140	3.591	390	120	2.129	952
DEC	19.905	5.670	5.269	6.567	2.399	13.371	3.790	4.913	4.440	228	1.104	200	204	365	335	5.430	1.680	152	1.762	1.836
1979																				
JAN	14.599	4.080	4.080	5.740	699	11.016	3.640	3.779	3.530	67	677	120	182	278	97	2.906	320	119	1.932	535
FEB	12.072	3.560	3.419	4.245	848	8.901	2.840	3.181	2.797	83	522	50	141	184	147	2.649	670	97	1.264	618
MAR	14.051	3.340	4.716	4.818	1.157	10.729	2.890	4.433	3.322	84	709	150	167	286	106	2.593	300	116	1.210	967
APR	15.061	3.810	5.386	4.892	973	11.699	3.040	5.115	3.400	144	873	350	165	238	120	2.489	420	106	1.254	709
MAY	17.183	3.910	6.671	5.616	986	13.819	3.396	6.316	4.050	57	567	65	231	213	58	2.797	449	124	1.353	871
JUN	19.899	4.263	7.209	7.120	1.307	16.005	3.754	6.848	5.246	107	879	199	208	225	247	3.065	310	153	1.649	953
JUL	19.368	4.852	6.111	7.169	1.236	15.412	4.238	5.811	5.237	126	771	232	177	269	93	3.185	382	123	1.663	1.017
AUG	20.200	5.735	6.587	6.661	1.237	16.625	5.066	6.304	5.041	214	787	144	156	338	149	2.808	525	127	1.282	874
SEP	n.a.	5.532	5.507	n.a.	n.a.	n.a.	4.681	5.191	n.a.	n.a.	n.a.	331	180	n.a.	n.a.	n.a.	520	136	n.a.	n.a.

LONG-TERM COMMITMENT ACTIVITY

(Dollars in Millions)

Year and Month	OUTSTANDING					ISSUED DURING MONTH				
	Total	Mtg Bankers	S&Ls	Banks[8]	Life Cos	Total	Mtg Bankers	S&Ls	Banks[8]	Life Cos
1978										
MAY	74.237	16.410	23.939	12.646	21.242	21.300	4.620	10.098	4.321	2.261
JUN	75.381	16.870	22.927	13.171	22.413	21.125	4.960	9.198	4.215	2.752
JUL	77.100	17.920	22.393	13.649	23.138	18.482	4.780	7.925	3.672	2.105
AUG	74.650	17.060	22.047	12.432	23.111	17.618	3.810	8.924	3.251	1.633
SEP	74.316	16.170	21.648	13.293	23.205	17.568	4.280	8.163	3.415	1.710
OCT	75.247	16.570	21.503	13.545	23.629	19.065	5.450	8.594	3.081	1.940
NOV	74.594	17.270	20.738	12.393	24.193	17.272	4.300	7.813	3.009	2.150
DEC	72.426	17.300	18.911	12.029	24.186	16.155	4.830	6.167	2.475	2.683
1979										
JAN	71.434	17.320	18.053	11.271	24.790	13.865	4.050	5.478	2.362	1.975
FEB	72.130	16.490	19.038	11.637	24.965	13.580	3.630	6.076	2.234	1.640
MAR	75.593	17.430	21.085	11.549	25.529	17.520	3.900	8.713	2.525	2.382
APR	76.264	14.860	22.923	12.169	26.312	19.030	4.020	9.493	3.257	2.260
MAY	80.544	15.855	23.569	13.127	27.993	21.926	4.630	10.387	3.745	3.164
JUN	79.826	14.831	22.777	13.139	29.079	19.527	3.823	9.003	3.795	2.906
JUL	81.240	16.291	22.366	12.899	29.684	18.343	4.464	8.167	3.215	2.497
AUG	85.197	19.317	22.282	13.329	30.269	21.140	6.608	8.852	3.305	2.375
SEP	n.a.	21.553	22.397	n.a.	n.a.	n.a.	5.203	n.a.	n.a.	n.a.

MORTGAGE INSURANCE

(Units in thousands, dollars in millions)

Year and Month	APPLICATIONS RECEIVED UNITS			INSURED					
				Total		FHA(203)		VA		Private	
	Total	FHA/VA	Private	Units	Amt	Units	Amt	Units	Amt	Units	Amt
1978											
MAY	179	96	83	115	4.275	23	713	30	1.180	62	2.382
JUN	162	85	77	117	4.441	20	635	28	1.109	69	2.697
JUL	155	89	66	114	4.379	22	691	29	1.179	63	2.509
AUG	169	96	73	129	4.935	23	761	33	1.319	73	2.855
SEP	138	73	65	102	3.949	18	584	22	881	62	2.484
OCT	188	122	66	131	4.931	40	1.279	28	1.179	63	2.473
NOV	152	94	58	121	4.002	17	574	27	1.116	77	2.312
DEC	121	72	49	93	3.805	11	388	28	1.177	54	2.240
1979											
JAN	118	79	39	109	4.393	29	963	33	1.419	47	2.011
FEB	114	74	40	93	3.861	27	936	31	1.367	35	1.558
MAR	157	102	55	98	4.023	25	855	32	1.415	41	1.753
APR	169	106	63	90	3.741	19	665	24	1.075	47	2.001
MAY	185	116	69	102	4.246	23	806	24	1.082	55	2.358
JUN	166	103	63	103	4.338	24	846	24	1.096	55	2.396
JUL	170	112	58	117	4.996	29	1.058	31	1.423	57	2.515
AUG	177	118	59	116	5.042	25	912	35	1.695	56	2.435
SEP	150	100	50	104	4.646	20	744	39	1.910	45	1.992

SECONDARY MARKET ACTIVITY

(Dollars in Millions)

Year and Month	FNMA					FHLMC			GNMA	
	4-Month Commitments				12 Month Convert Standby				Pass-Through Securities	
	FHA/VA		Conventional			Comm	Purc	Sold	Applications	Issued
	Bid	Accept	Bid	Accept						
1978										
JUL	757	472	316	179	299	738	520	725	3.028	997
AUG	499	277	225	128	126	838	742	299	3.907	1.648
SEP	718	336	485	284	283	678	670	402	3.036	1.203
OCT	1.965	832	1.157	496	502	514	791	370	3.580	1.762
NOV	788	322	861	387	507	582	765	581	2.869	1.721
DEC	627	320	417	221	319	290	598	340	3.295	1.381
1979										
JAN	305	155	114	58	132	327	498	321	2.925	1.426
FEB	211	161	63	45	89	295	401	291	2.892	1.304
MAR	508	284	145	114	71	427	350	116	2.680	1.453
APR	1.323	638	662	364	517	492	358	363	5.907	1.488
MAY	426	185	459	214	503	601	560	572	3.009	1.673
JUN	220	100	358	195	277	462	447	182	3.621	1.860
JUL	133	70	94	70	160	517	518	320	6.211	2.032
AUG	162	83	246	184	184	581	636	354	5.105	2.933
SEP	1.421	600	527	326	343	437	537	347	4.012	2.640
OCT	2.943	1.130	1.050	431	828	n.a.	n.a.	n.a.	n.a.	n.a.

MORTGAGE BANKERS CONSTRUCTION AND LAND LOAN ACTIVITY

(Dollars in Millions)

Year and Month	DISBURSEMENTS DURING MONTH					OUTSTANDING COMMITMENTS TO BORROWERS			
	Construction				Land Loans				
	Total	1-4 Units	5+ Units	Non-res		Total	1-4 Units	5+ Units	Non-res
1978									
JUL	440	220	100	120	40	4.120	1.550	1.080	1.490
AUG	530	240	150	140	40	4.370	1.570	1.110	1.690
SEP	510	250	100	160	40	4.290	1.510	1.140	1.640
OCT	600	260	160	180	60	4.320	1.530	1.180	1.610
NOV	570	260	120	190	40	4.150	1.520	1.110	1.520
DEC	620	270	180	170	40	4.190	1.550	1.130	1.510
1979									
JAN	550	250	100	200	50	4.400	1.700	1.140	1.560
FEB	420	230	80	110	30	4.130	1.640	960	1.530
MAR	470	280	80	110	40	4.620	1.700	1.150	1.770
APR	570	300	120	150	50	4.250	1.610	1.230	1.410
MAY	560	330	100	130	60	3.910	1.820	740	1.350
JUN	700	450	110	140	50	4.460	2.060	1.120	1.280
JUL	594	312	121	161	59	4.010	1.870	870	1.270
AUG	734	339	151	244	81	4.553	2.072	1.069	1.412
SEP	723	312	86	325	152	4.897	2.101	679	2.117
OCT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

n.a.-Not available, p-Preliminary

[1]From the National Association of Realtors' "Existing Home Sales" series

[2]Reflects cumulative total through the latest month for each column

[3]Secondary market gross yields

[4]Benchmark rates, Citicorp Real Estate, Inc

[5]Federal Reserve's weighted average interest rate for Commercial Banks

[6]Weighted average gross yields for accepted bids

[7]Survey of three New York security dealers. Securities for immediate delivery

[8]Mutual Savings Banks and Commercial Banks

Sources: American Council of Life Insurance, Board of Governors of the Federal Reserve System, Bureau of the Census, Citicorp Real Estate, Inc., Department of Housing and Urban Development, Federal Home Loan Bank Board, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association, Mortgage Bankers Association of America, National Association of Mutual Savings Banks, National Association of Realtors, Veterans Administration

MORTGAGE MARKET TRENDS—JANUARY 1980

RESIDENTIAL STRUCTURES, BY UNIT TYPE

(Units in thousands)

Year and Month	PERMITS 16,000 ISSUING PLACES: Actual			PERMITS 16,000 ISSUING PLACES: Seasonally Adjusted Annual Rate			HOUSING STARTS: Actual			HOUSING STARTS: Seasonally Adjusted Annual Rate		
	Total	1-4 Units	5+ Units	Total	1-4 Units	5+ Units	Total	1-4 Units	5+ Units	Total	1-4 Units	5+ Units
1978												
JUL	140	102	38	1,632	1,142	490	192	152	40	2,104	1,589	515
AUG	146	109	37	1,563	1,145	418	191	151	40	2,004	1,568	436
SEP	141	99	42	1,731	1,217	514	181	135	46	2,024	1,544	480
OCT	148	107	41	1,719	1,260	459	192	145	47	2,054	1,571	483
NOV	129	91	38	1,724	1,245	479	158	122	36	2,107	1,652	455
DEC	104	71	33	1,664	1,285	379	120	89	31	2,074	1,658	416
1979												
JAN	81	56	25	1,324	959	365	88	64	24	1,679	1,263	416
FEB	84	57	27	1,321	878	443	84	64	20	1,381	1,029	352
MAR	141	103	38	1,531	1,103	428	153	120	33	1,786	1,382	404
APR	139	106	33	1,437	1,082	355	161	131	30	1,745	1,393	352
MAY	162	111	41	1,618	1,163	455	189	144	45	1,835	1,345	490
JUN	156	112	44	1,639	1,144	495	193	147	46	1,935	1,419	516
JUL	138	104	34	1,528	1,136	392	164	130	34	1,791	1,360	431
AUG	152	111	41	1,654	1,181	473	172	133	39	1,806	1,400	406
SEP	140	90	50	1,775	1,166	609	164	117	47	1,921	1,376	545
OCT	141	96	45	1,542	1,064	478	169	122	47	1,762	1,298	464
10 months												
1979	1,334	956	378				1,537	1,172	365			
1978	1,424	1,040	384				1,743	1,349	395			
1977	1,435	1,071	364				1,704	1,358	346			
1976	1,065	829	236				1,303	1,073	230			

VALUE OF NEW CONSTRUCTION PUT IN PLACE

(Dollars in millions)

Year and Month	Seasonally Adjusted Annual Rate: Total	1 Unit	2+ Units	Nonres.
1978				
JUL	115,359	63,344	14,346	37,669
AUG	114,679	63,273	13,806	37,600
SEP	115,051	63,063	13,742	38,246
OCT	115,529	63,460	13,366	38,703
NOV	118,608	64,884	14,024	39,700
DEC	120,739	66,243	14,251	40,245
1979				
JAN	112,999	61,407	13,208	38,384
FEB	115,191	62,308	14,663	38,220
MAR	119,211	61,376	14,967	42,868
APR	118,621	59,868	16,108	42,645
MAY	120,904	59,735	15,932	45,248
JUN	124,452	60,363	17,300	46,789
JUL	125,507	60,554	17,196	47,757
AUG	125,398	60,522	17,775	47,101
SEP	125,801	60,352	18,726	46,723
OCT	126,085p	60,046p	17,198p	48,841p

HOUSE SALES

(Units in thousands)

Year and Month	EXISTING HOUSES[1]	NEW HOUSES: Sold	NEW HOUSES: Available For Sale	NEW HOUSES: Months Supply at Current Rate
1978				
JUL	351	68	420	6.2
AUG	395	72	421	5.8
SEP	329	68	419	6.2
OCT	335	70	414	5.9
NOV	303	53	422	8.0
DEC	236	51	421	8.3
1979				
JAN	245	53	411	7.8
FEB	263	58	399	5.3
MAR	336	73	416	5.7
APR	336	72	417	5.7
MAY	374	69	426	6.2
JUN	348	64	420	6.6
JUL	347	66	421	6.3
AUG	381	69	419	6.1
SEP	317	62	414	6.7
OCT	334	57p	415p	7.3p
10 months				
1979	3,281	644		
1978	3,366	716		
1977	3,053	714		
1976	2,572	551		

RESIDENTIAL STRUCTURES, BY REGION

(Units in thousands)

Year and Month	PERMITS 16,000 ISSUING PLACES: Actual				PERMITS 16,000 ISSUING PLACES: Seasonally Adjusted Annual Rate				STARTS: Actual				STARTS: Seasonally Adjusted Annual Rate			
	North East	North Central	South	West	North East	North Central	South	West	North East	North Central	South	West	North East	North Central	South	West
1978																
JUL	18	34	36	42	219	377	553	483	22	47	71	52	219	465	861	559
AUG	19	37	48	42	189	381	533	460	21	43	76	50	217	419	803	565
SEP	18	37	48	39	204	424	602	501	22	42	73	44	233	448	808	535
OCT	16	37	53	42	162	375	657	525	21	27	78	46	206	432	879	537
NOV	16	28	48	36	196	355	670	503	17	43	62	37	186	526	852	543
DEC	13	16	39	36	198	327	612	527	14	19	47	39	238	447	786	603
1979																
JAN	10	8	35	29	189	198	500	437	8	7	45	28	275	245	745	414
FEB	6	10	37	31	140	229	506	446	5	7	42	29	168	184	614	450
MAR	12	25	62	42	143	294	646	448	12	6	75	40	177	363	794	452
APR	14	31	51	43	142	297	543	455	15	34	65	47	160	354	690	541
MAY	18	37	60	48	181	328	616	493	18	50	72	51	170	412	746	507
JUN	18	34	59	45	199	332	636	472	19	24	79	51	181	377	890	487
JUL	15	27	51	45	161	281	585	501	18	36	68	43	182	351	794	464
AUG	15	30	50	47	147	310	664	533	20	39	74	40	183	384	786	453
SEP	19	29	54	39	217	337	704	517	13	39	67	46	147	429	762	583
OCT	14	28	59	38	151	271	673	447	21	35	75	40	188	306	812	456
10 months																
1979	141	259	507	407					150	277	660	415				
1978	151	323	487	458					166	387	718	470				
1977	155	346	475	462					171	404	667	460				
1976	124	269	336	335					138	348	485	334				

CONSTRUCTION STATUS

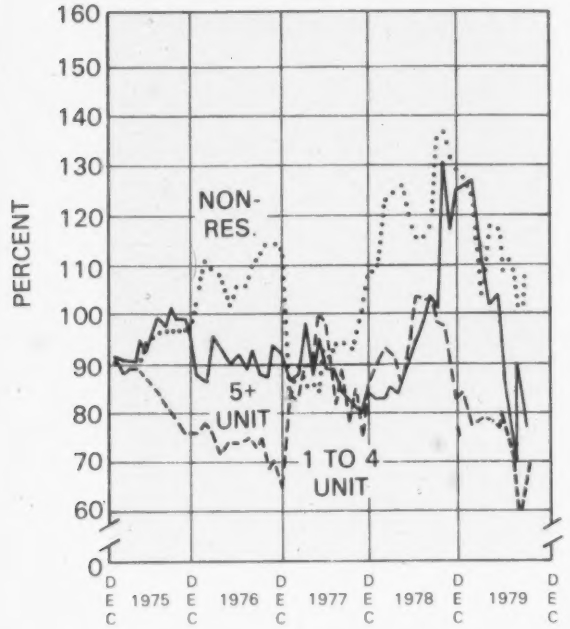
(Units in thousands)

Year and Month	UNDER CONSTRUCTION: Total	1-4 Units	5+ Units	COMPLETIONS: Total	1-4 Units	5+ Units
1978						
JUL	1,363	919	444	166	125	41
AUG	1,373	928	445	178	139	39
SEP	1,371	918	453	181	145	36
OCT	1,381	913	468	180	146	34
NOV	1,371	900	471	167	134	33
DEC	1,310	848	462	170	136	34
1979						
JAN	1,270	813	457	129	100	29
FEB	1,223	776	447	126	97	29
MAR	1,216	777	439	149	113	36
APR	1,228	793	435	142	111	31
MAY	1,259	831	438	156	113	43
JUN	1,283	837	446	166	130	36
JUL	1,300	852	448	151	116	35
AUG	1,301	860	441	159	123	36
SEP	1,283	850	433	181	125	56
OCT	1,280p	840p	440p	173p	133p	40p
10 months						
1979				1,531	1,160	371
1978				1,527	1,212	315
1977				1,345	1,100	245
1976				1,115	896	219

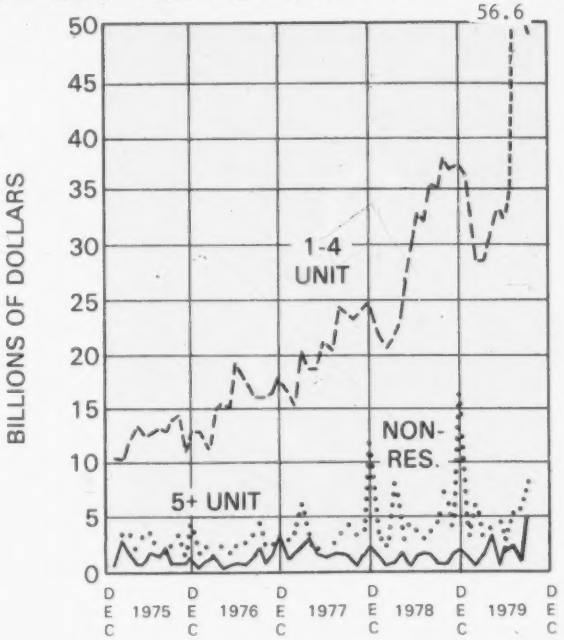
INTEREST RATES AND YIELDS

Year and Month	1-4 UNIT MORTGAGES: FHA Opinion Survey: FHA New[2]	Conventional: New	Conventional: Existing	FHLBB Survey: Conventional: New	Conventional: Existing	APARTMENTS[3]	CONSTRUCTION LOANS[4] AIT TYPES	FNMA: FMA Auction Yields on 4-mo. Commitments[5] FHA/VA Conv.		GNMA Current Securities Yield[7]	SELECTED SECURITIES: Aaa Utility New Issue	U.S. Govt.: 10-yr.	U.S. Govt.: 20-wk.	Prime Commercial Paper 90-119 Days	SPREADS (Basis Points): FHA New Minus Aaa Utility	GNMA Minus 10-yr. Govt.[1]
1978																
JUL	9.92	9.80	9.80	9.57	9.63	9.750-10.00		10.016	10.188	9.18	9.14	8.64	7.471	7.85	78	54
AUG	9.78	9.80	9.80	9.70	9.77	9.750-10.250	10.43	9.801	10.101	8.98	8.82	8.41	7.363	7.83	96	57
SEP	9.78	9.80	9.85	9.73	9.84	9.720-10.125		9.782	10.015	9.09	8.86	8.42	7.948	8.39	92	67
OCT	9.93	9.95	9.95	9.83	9.90	9.750-10.125		10.053	10.198	9.33	9.17	8.64	8.493	8.98	76	69
NOV	9.99	10.10	10.15	9.86	9.97	9.750-10.125	11.55	10.293	10.560	9.43	9.27	8.81	9.204	10.14	72	62
DEC	10.16	10.30	10.30	10.02	10.08	9.875-10.125		10.508	10.825	9.61	9.28	9.01	9.397	10.37	88	60
1979																
JAN	10.17	10.30	10.30	10.18	10.33	10.125-10.250		10.693	11.060	9.70	9.54	9.10	9.501	10.25	63	60
FEB	10.17	10.35	10.35	10.18	10.36	10.125-10.250	11.79	10.506	11.040	9.68	9.53	9.10	9.349	9.95	64	60
MAR	10.19	10.35	10.40	10.32	10.47	10.125-10.375		10.423	10.932	9.73	9.62	9.12	9.458	9.90	57	61
APR	n.a.	10.55	10.55	10.34	10.54	10.125-10.375		10.645	11.035	9.86	9.70	9.18	9.490	9.85	n.a.	68
MAY	10.61	10.80	10.80	10.47	10.60	10.250-10.500	12.23	10.847	11.357	10.02	9.83	9.23	9.531	9.94	78	79
JUN	10.49	10.90	10.90	10.66	10.71	10.250-10.625		10.773	11.560	9.81	9.50	8.91	9.062	9.76	99	90
JUL	10.46	10.95	11.00	10.78	10.93	10.250-10.625		10.652	11.521	9.81	9.59	8.95	9.236	9.87	87	86
AUG	10.58	11.10	11.15	11.01	11.14	10.375-10.625	12.52	10.671	11.517	9.97	9.48	8.99	9.425	10.27	110	98
SEP	11.37	11.35	11.35	11.02	11.20	10.625-10.875		11.091	11.741	10.40	9.83	9.33	10.203	11.63	154	107
OCT	n.a.	12.15	12.20	11.18	11.30	11.250-11.500		12.497	12.865	11.30	10.97	10.30	11.660	13.23	n.a.	100

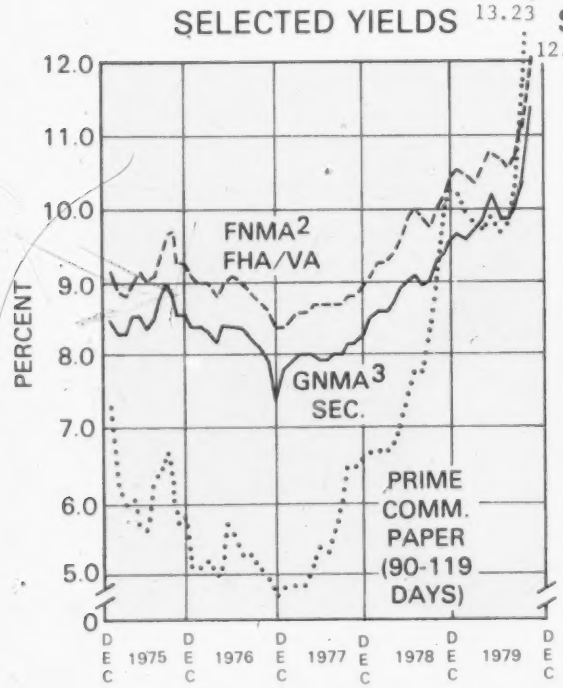
MORTGAGE BANKERS' LONG-TERM MORTGAGE COVERAGE[1]



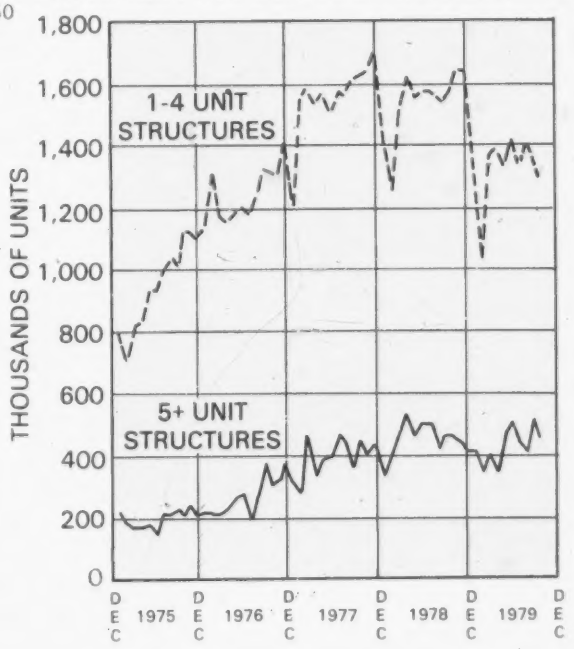
MORTGAGE BANKERS' LONG-TERM MORTGAGE LOANS CLOSED SEASONALLY ADJUSTED ANNUAL RATES



SELECTED YIELDS



HOUSING STARTS SEASONALLY ADJUSTED ANNUAL RATES



FOOTNOTES
1 OUTSTANDING LONG-TERM COMMITMENTS RECEIVED FROM INVESTORS DIVIDED BY THE SUM OF OUTSTANDING END OF MONTH INVENTORY AND OUTSTANDING LONG-TERM COMMITMENTS ISSUED TO BORROWERS, MULTIPLIED BY 100
2 WEIGHTED AVERAGE GROSS YIELDS FOR ACCEPTED BIDS OF ALL FNMA FREE MARKET AUCTIONS DURING THAT MONTH
3 SURVEY OF THREE NEW YORK SECURITY DEALERS, SECURITIES FOR IMMEDIATE DELIVERY
SOURCES: BUREAU OF THE CENSUS, FEDERAL NATIONAL MORTGAGE ASSOCIATION, FEDERAL RESERVE BOARD, MORTGAGE BANKERS ASSOCIATION

MBA — ECONOMICS DEPARTMENT